

**EAST BATON ROUGE
COMMUNICATIONS DISTRICT**
Baton Rouge, Louisiana

Financial Statements

Year Ended December 31, 2025

EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT

(A Component Unit of the City-Parish of East Baton Rouge)

Baton Rouge, Louisiana

ANNUAL FINANCIAL STATEMENTS

December 31, 2025

EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT

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INDEPENDENT AUDITOR'S REPORT

* A Professional Accounting Corporation

Jim Verlander, Director
and the Board of Commissioners
East Baton Rouge Parish Communications District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the East Baton Rouge Parish Communications District (the District), a component unit of the City-Parish of East Baton Rouge, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 26, 2026

EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT

STATEMENT OF NET POSITION

December 31, 2025

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 11,050,061
Accounts receivable	1,000,800
Due from other governments	142,000
Prepaid expenses	377,596
Capital assets:	
Non-depreciable	2,389,827
Depreciable, net	5,120,330
Right-of-use (ROU) lease assets - amortizable, net	1,137,680
Subscription assets (SBITAs) - amortizable, net	<u>3,414,063</u>
Total assets	<u><u>\$ 24,632,357</u></u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 71,709
Due to other governments	367,460
Accrued interest payable	74,508
Right-of-use lease liabilities due within one year	47,845
Subscription liabilities due within one year	642,660
Long-term liabilities:	
Right of use lease liabilities due in more than one year	1,198,166
Subscription liabilities due in more than one year	<u>2,583,609</u>
Total liabilities	<u>4,985,957</u>
NET POSITION	
Net investment in capital assets	7,589,620
Unrestricted	<u>12,056,780</u>
Total net position	<u>19,646,400</u>
Total liabilities and net position	<u><u>\$ 24,632,357</u></u>

The accompanying notes to the financial statements
are an integral part of this statement.

EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT

STATEMENT OF ACTIVITIES

For the year ended December 31, 2025

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Public safety	\$ 7,157,965	\$ 7,947,539	\$ -	\$ -	\$ 789,574
Interest on long-term debt	195,885	-	-	-	(195,885)
Total governmental activities	7,353,850	7,947,539	-	-	593,689
General revenues:					
Interest earnings					388,134
Change in net position					981,823
Net position - beginning of year					18,664,577
Net position - end of year					\$ 19,646,400

The accompanying notes to the financial statements
are an integral part of this statement.

EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2025

	General Fund	Capital Project Fund	Total
ASSETS			
Cash and cash equivalents	\$ 11,050,061	\$ -	\$ 11,050,061
Accounts receivable	1,000,800	-	1,000,800
Due from other governments	142,000	-	142,000
Due from other funds	-	796,201	796,201
Prepaid expenses	377,596	-	377,596
Total assets	<u>\$ 12,570,457</u>	<u>\$ 796,201</u>	<u>\$ 13,366,658</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 71,709	\$ -	\$ 71,709
Due to other governments	367,460	-	367,460
Due to other funds	796,201	-	796,201
Total liabilities	<u>1,235,370</u>	<u>-</u>	<u>1,235,370</u>
FUND BALANCE			
Nonspendable	377,596	-	377,596
Committed	-	796,201	796,201
Unassigned	10,957,491	-	10,957,491
Total fund balance	<u>11,335,087</u>	<u>796,201</u>	<u>12,131,288</u>
Total liabilities and fund balance	<u>\$ 12,570,457</u>	<u>\$ 796,201</u>	<u>\$ 13,366,658</u>

The accompanying notes to the financial statements
are an integral part of this statement.

EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

December 31, 2025

Total fund balances - governmental funds (Exhibit A-2)	\$ 12,131,288
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	12,061,900
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Long-term liabilities (e.g. leases, subscriptions), are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Right-of-use (ROU) lease liabilities	(1,246,011)
Subscription (SBITAs) liabilities	(3,226,269)
Accrued interest payable	<u>(74,508)</u>

Net position of governmental activities (Exhibit A)	<u><u>\$ 19,646,400</u></u>
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The accompanying notes to the financial statements
are an integral part of this statement.

EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For the year ended December 31, 2025

	General Fund	Capital Project Fund	Total
REVENUES			
Charges for services	\$ 7,947,539	\$ -	\$ 7,947,539
Interest earnings	388,134	-	388,134
Total revenues	<u>8,335,673</u>	<u>-</u>	<u>8,335,673</u>
EXPENDITURES			
Current function:			
Public safety:			
Intergovernmental agreements for services	3,515,646	-	3,515,646
Communication equipment maintenance	1,448,790	-	1,448,790
Salaries and benefits	962,490	-	962,490
Professional and contractual services	260,805	-	260,805
Insurance	71,300	-	71,300
Office supplies	55,948	-	55,948
Travel and training	38,555	-	38,555
Capital outlay	315,788	1,790,514	2,106,302
Debt service:			
Principal	590,482	-	590,482
Interest	128,893	-	128,893
Total expenditures	<u>7,388,697</u>	<u>1,790,514</u>	<u>9,179,211</u>
Net change in fund balance	946,976	(1,790,514)	(843,538)
FUND BALANCE			
Beginning of year	<u>10,388,111</u>	<u>2,586,715</u>	<u>12,974,826</u>
End of year	<u>\$ 11,335,087</u>	<u>\$ 796,201</u>	<u>\$ 12,131,288</u>

The accompanying notes to the financial statements
are an integral part of this statement.

EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended December 31, 2025

Net change in fund balance - total governmental funds (Exhibit A-4)	\$ (843,538)
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation and amortization.

Capital outlay	2,175,706	
Depreciation and amortization expense	<u>(873,835)</u>	1,301,871

The issuance of long-term debt (e.g. lease and subscription liabilities) provide current financial resources to governmental funds. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Principal payments on lease and subscription liabilities	590,482
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Increase in accrued interest payable	<u>(66,992)</u>
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Change in net position of governmental activities (Exhibit A-1)	<u>\$ 981,823</u>
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The accompanying notes to the financial statements
are an integral part of this statement.

EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**General Information**

The East Baton Rouge Parish Communications District (the District) is a political subdivision of the State of Louisiana. It was created in 1986 by the Metropolitan Council of the City-Parish of East Baton Rouge (City-Parish) by adopting Ordinance No. 8148 on May 14, 1986 pursuant to La. R.S. 33:9101 et seq. The District is governed by a seven-member Board of Commissioners, and is funded by the 911 surcharges collected on land and wireless telephone services that originate within East Baton Rouge Parish. The District maintains and operates the Parish 911 emergency telephone system, and serves as the Parish's primary Public Safety Answering Point (PSAP). Like many communication districts in the State, the District has adopted the "transfer method" of handling 911 calls, meaning it receives telephone requests for emergency services and directly transfers such requests to an appropriate public safety agency or other providers of emergency services.

Statement Presentation

The District's basic financial statements consist of the government-wide statements of the primary government (the District) and the fund financial statements (the General Fund and Capital Project Fund). The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

Reporting Entity

As stated previously, the District was created by an ordinance passed by the City-Parish in 1986. While the District has separate corporate powers that distinguish it as being legally separate from the City-Parish, the City-Parish does determine the majority of the District's governing body. For this reason, the District is included as a discretely presented component unit of the City-Parish.

GASB Statement No. 61, *The Reporting Entity*, established criteria for determining which component units should be considered part of the District for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the City-Parish, the general government services provided by that governmental unit, or the other governmental units that comprise the City-Parish financial reporting entity.

As required by generally accepted accounting principles, these financial statements present the District only; there are no component units to be included either blended within the District's funds or discretely presented in these financial statements.

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all non-fiduciary activities of the District. The government-wide presentation focuses primarily on the sustainability of the government as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Governmental activities generally are financed through charges for services as noted above.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internal activity between funds within the District is eliminated within the government-wide financial statements.

Fund Financial Statements

The fund financial statements are very similar to the traditional government fund statements prepared by governments prior to the issuance of GASB No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. The District consists of two governmental funds, the General Fund and Capital Project Fund.

Governmental Fund Types

Governmental funds are those through which governmental functions of the District are financed. The acquisition, use, and balances of expendable financial resources and related liabilities of the District are accounted for through governmental funds. Measurement is focused upon determining changes in financial position rather than net income. The following are the governmental fund types of the District:

General Fund - The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund is always a major fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types (continued)

Capital Project Fund - The capital project fund is used to account for the resources related to the funding of various capital projects of the District. It is primarily funded through transfers from the District's general fund, which are approved through the budget process. As a result, any residual fund balance at the end of the fiscal year is presented as committed fund balance. The District has chosen to present the capital project fund as a major fund.

Basis of Accounting and Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Charges for services are recognized in the year to which the service relates to.

Fund Financial Statements

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included in the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). "Available" means collectible within the current period or within 60 days after year-end. Charges for services and most other governmental revenues are recorded as earned since they are measurable and available.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except (1) unmatured interest on general long-term debt, which is recognized when due, and (2) claims and judgments and compensated absences, which are recorded as expenditures in the governmental fund when paid with expendable financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

Cash and Cash Equivalents

Cash includes amounts in demand deposit accounts, interest-bearing demand deposit accounts, and money market accounts. Cash equivalents include amounts in savings and time deposits and certificates of deposit with original maturities of ninety days or less. Certificates of deposit with maturities of more than ninety days are classified as investments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (continued)

The investment policy of the District is governed by state statutes that include depository and custodial contract provisions. The District invests funds in accordance with La. R.S. 39:1211-1245 and 33:2955 which include, but are not limited to, United States Treasury Bonds, Treasury Notes, Treasury Bills, and fully-collateralized interest-bearing checking accounts and certificates of deposit. Other provisions require depositories to insure or collateralize all deposits in accordance with state law and require securities collateralizing deposits to be held by an independent third party with whom the District has a custodial agreement.

Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Generally, these consist of charges for services from telephone carriers related to the current fiscal year which are received in the following fiscal year. At year-end there were no receivables outstanding for more than 90 days and there was no allowance for doubtful accounts. For governmental activities, uncollectible amounts are charged directly to the revenue reported when known.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Generally, these amounts consist of annual maintenance and support contracts for various communications equipment that are paid in advance.

Capital Assets

Government-wide Statements

The accounting treatment of property, plant, equipment, and infrastructure assets (capital assets), are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. Major outlays for capital assets and improvements are capitalized at completion of the construction projects. The District's capitalization policy stipulates a capitalization threshold of \$1,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed, while improvements that add to the value or extend asset lives are capitalized.

Depreciation of all exhaustible capital assets, other than land, is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

Government-wide Statements (continued)

The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Improvements	15 - 20 years
Furniture and fixtures	5 - 10 years
Communications and computer equipment	3 - 10 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are not capitalized. Instead, capital acquisition and construction are reflected as capital outlay expenditures in the governmental funds.

Right-of-Use Assets and Amortization

Right-of-use (ROU) assets are a result of leases in which the District has entered into a contract with a lessor that conveys control of the right-to-use the lessor's non-financial asset as specified by the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the government-wide financial statements net of amortization. Right-of-use lease assets are amortized at the lessor of the estimated useful life or lease term.

Subscription-Based Information Technology Arrangements

Subscription-based information technology arrangements (SBITAs) are a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the government-wide financial statement net of amortization. SBITAs are amortized during the extent of the agreement.

Government-wide Net Position

Government-wide net position is divided into three components:

- Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position - consist of net position that is restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors. The District has no restricted net position at year end.
- Unrestricted - all other net position is reported in this category.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable - Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact. The District had \$377,596 in non-spendable fund balance at December 31, 2025 related to prepaid expenses.
- Restricted - Amounts that can be spent only for specific purposes because of the District Charter, the District Code, state or federal laws, or externally imposed conditions by grantors or creditors. The District has no restricted fund balance at year end.
- Committed - Amounts that can be used only for specific purposes determined by a formal action by a resolution of the Board of Commissioners (the District's highest level of decision-making authority). This includes the budget reserves. At year-end, the District's committed fund balance consisted of the remaining fund balance in the capital project fund, which was funded through transfers from the general fund and authorized with the budget resolution.
- Assigned - Amounts that are designated by the Chairperson for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by the Commission. The District has no assigned fund balance at year end.
- Unassigned - All amounts not included in other spendable classifications.

Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to apply the expenditure in the following priority:

1. Restricted fund balance,
2. Committed fund balance,
3. Assigned fund balance, and
4. Unassigned fund balance.

Budget Policy and Budgetary Accounting

Policy and Practice

The District director submits an annual budget for the General Fund to the Board of Commissioners in accordance with Louisiana Local Government Budget Act. The budget is presented to the Commissioners for review, and public hearings are held to address the proposed appropriations. Once approved and adopted by the commissioners, the commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget Policy and Budgetary Accounting

Basis of Budgeting

The General Fund's appropriated budget is prepared on a detailed line-item basis. Revenues are budgeted by source and expenditures are budgeted by function. Budget revisions at this level are subject to final review by the Board of Commissioners. The legal level of control is by function within the General Fund. Expenditures may not exceed appropriations at this level. Various amendments to the budget were made throughout the year.

The General Fund budget is prepared on the modified accrual basis. The budget and actual financial statement is reported on this basis. Unencumbered appropriations for annual budgeted funds lapse at fiscal year-end.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of the government-wide financial statements during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation and amortization.

Interfund Activity

Interfund activity is reported as due from/to other funds, or transfers, depending on the nature of transaction and expectation of reimbursement. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through June 26, 2026, which was the date the financial statements were available to be issued.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents

At December 31, 2025, the carrying amount and the related bank balance of the District's deposits was \$11,050,061.

(Continued)

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

Collateralization

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution.

In 2023, the District entered into an end of day investment sweep arrangement with its financial institution, by which deposit balances in excess of \$1.5 million at the close of each business day are "swept" into an overnight money market fund that is fully invested in U.S. Treasury Securities, including Treasury bills, bonds, and notes. The fund in which deposits are held overnight qualifies as a "government money market fund", which are required to invest at least 99.5% of their assets in cash, securities issued or guaranteed by the United States or certain U.S. government agencies or instrumentalities, and/or repurchase agreements that are collateralized fully. Additionally, the financial institution monitors and maintains pledged collateral based on the District's end of day balances prior to the sweep, and, as such, deposits in the money market fund are fully collateralized at year-end.

The above stated bank balances of cash and cash equivalents are collateralized as follows:

	<u>Bank Balance</u>
Federal deposit insurance (FDIC)	\$ 250,000
Pledged securities	1,253,092
U.S. Treasury Securities money market fund (collateralized)	<u>9,546,969</u>
Total bank balance	<u><u>\$ 11,050,061</u></u>

NOTE 3 – CAPITAL, RIGHT-OF-USE (ROU) LEASE, & SUBSCRIPTION (SBITA) ASSETS

A summary of changes in capital assets and ROU lease assets, for the year ended December 31, 2025, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 667,002	\$ 1,722,825	\$ -	\$ 2,389,827
Capital assets being depreciated:				
Buildings and improvements	696,324	2,150	-	698,474
Communications and computer equipment	6,182,214	450,731	-	6,632,945
Total capital assets being depreciated	6,878,538	452,881	-	7,331,419
Less accumulated depreciation for:				
Buildings and improvements	(46,422)	(46,434)	-	(92,856)
Communications and computer equipment	(1,739,763)	(378,470)	-	(2,118,233)
Total accumulated depreciation	(1,786,185)	(424,904)	-	(2,211,089)
Total capital assets being depreciated, net	5,092,353	27,977	-	5,120,330
Right-of-use (ROU) lease assets - amortizable:				
ROU lease asset - building	1,344,530	-	-	1,344,530
Less accumulated amortization	(118,200)	(88,650)	-	(206,850)
Total right-of-use (ROU) lease assets, net	1,226,330	(88,650)	-	1,137,680
Subscription (SBITAs) assets - amortizable:				
Software subscriptions	-	3,774,344	-	3,774,344
Less accumulated amortization	-	(360,281)	-	(360,281)
Total subscription (SBITAs) assets, net	-	3,414,063	-	3,414,063
Total governmental activities capital assets, net	\$ 6,985,685	\$ 5,076,215	\$ -	\$ 12,061,900

Depreciation expense of \$424,904 was charged to the public safety function within governmental activities.

NOTE 4 - RIGHT-OF-USE (ROU) LEASE LIABILITIES & EXPENSE

In 2023, the District entered into a lease arrangement for a portion of a commercial building that contains office space, along with a backup command center for emergency response operations. The base lease arrangement is for 62 months with monthly rent ranging from \$10,689 to \$11,657. The lease agreement contains two 5-year renewal terms that are reasonably expected to be exercised at this time. As such, the term for purposes of calculating the ROU lease asset and liability is based on the total expected term of 182 months. The District uses an interest rate equal to its estimated incremental borrowing rate as of the effective date of the lease (7%).

(Continued)

NOTE 4 - RIGHT-OF-USE (ROU) LEASE LIABILITIES & EXPENSE (CONTINUED)

Activity for ROU lease liabilities during 2025 is as follows:

	Beginning			Ending	Amounts
	Balance	Increases	Decreases	Balance	Due Within
					One Year
Right-of-use (ROU) lease liabilities:					
Commerical office space	<u>\$1,288,418</u>	<u>\$ -</u>	<u>\$ (42,407)</u>	<u>\$1,246,011</u>	<u>\$ 47,845</u>

Future maturities of the ROU lease liability as of December 31, 2025, are as follows:

Maturity	Principal	Interest	Total
2026	47,845	85,723	133,568
2027	53,718	82,188	135,906
2028	60,466	78,226	138,692
2029	69,048	73,703	142,751
2030	76,619	68,630	145,249
2031-2035	518,992	246,283	765,275
2036-2040	<u>419,324</u>	<u>44,521</u>	<u>463,845</u>
Totals	<u>\$ 1,246,012</u>	<u>\$ 679,274</u>	<u>\$ 1,925,286</u>

During 2025, lease expense related to ROU lease assets was charged to the public safety function within governmental activities as follows:

Amortization expense by class of underlying asset:	<u>Amount</u>
Office space	<u>\$ 88,650</u>
Total amortization expense	88,650
Interest on lease liabilities	88,863
Variable lease expense	<u>-</u>
Total	<u>\$ 177,513</u>

NOTE 5 – SUBSCRIPTION (SBITAs) LIABILITIES & EXPENSE

In 2024, the District entered into two software subscription agreements with 60-month terms beginning April 1, 2025 and September 1, 2025. The District's combined annual payments under these agreements total \$857,593 through December 31, 2030. In accordance with GASB 96, the District has accounted for the lease using the facts and circumstances of the remaining lease term as of the date of implementation. For these SBITAs, the District uses an interest rate equal to its estimated incremental borrowing rate as of the date of adoption (7%).

(Continued)

NOTE 5 – SUBSCRIPTION (SBITAs) LIABILITIES & EXPENSE (CONTINUED)

Activity for SBITAs liabilities during 2025 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Subscription (SBITAs) lease liabilities:					
SBITA	\$ -	\$3,774,344	\$ (548,075)	\$3,226,269	\$ 642,660

Future maturities of the SBITAs liabilities as of December 31, 2025, are as follows:

Maturity	Principal	Interest	Total
2026	642,660	214,933	857,593
2027	689,118	168,475	857,593
2028	738,935	118,658	857,593
2029	792,353	65,241	857,594
2030	363,203	9,599	372,802
Totals	\$ 3,226,269	\$ 576,906	\$ 3,803,175

During 2025, SBITA expense related to SBITAs assets was charged to the public safety function within governmental activities as follows:

Amortization expense by class of underlying asset	Amount
SBITAs	\$ 360,281
Total amortization expense	360,281
Interest on SBITAs liabilities	107,022
Variable SBITAs expense	-
Total	\$ 467,303

NOTE 6 - INTERFUND TRANSACTIONS

The balances of interfund receivables and payables represent funds committed and “transferred” from the General Fund balance to the Capital Project Fund balance that are still remaining in the District’s general fund cash account. At December 31, 2025, the General Fund was holding cash in the amount of \$796,201 that has been committed to the Capital Project Fund. There were no transfers between funds in 2025.

NOTE 7 - RETIREMENT PLAN

The District offers a 401(a) defined contribution retirement plan to full-time District employees meeting eligibility requirements. The plan currently only allows rollover contributions from other qualified retirement plans, along with an annual employer contribution equal to 10% of salary. The District's total employer contribution was \$70,460 for 2025.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The District has purchased various insurance policies to cover such risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. The District has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

NOTE 9 - SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

The schedule of compensation, benefits, and other payments to the Director during 2025 is as follows:

Agency Head: Mr. Jim Verlander, Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 123,217
Benefits - retirement	12,352
Car allowance	12,000
Employer social security taxes	8,942
Benefits - insurance	7,800
Employer medicare taxes	2,091
Phone allowance	1,200
Total	<u>\$ 167,601</u>

NOTE 10 - COMPENSATION TO THE GOVERNING BODY

The District's Board of Commissioners do not receive compensation.

NOTE 11 - INTERGOVERNMENTAL TRANSACTIONS

As discussed in Note 1, the District is a discretely presented component unit of the City-Parish. As such, transactions between the District and the City-Parish are not reported as interfund transactions but are instead reflected as external transactions (revenues and expenditures). The District has entered into an intergovernmental agreement (IGA) with the City-Parish for various contracts and services, primarily with the City-Parish Department of Emergency Medical Services (EMS) for personnel services.

The transactions between the District and other governmental agencies as of and for the year ended December 31, 2025 are as follows:

- At year-end, the District's Due from other governments of \$142,000 related to 4th quarter prepaid wireless fees receivable from the State of Louisiana.
- At year-end, the District's Due to other governments consisted of \$34,637 owed to the City-Parish EMS department for additional expenses related to the 2023 IGA referenced above, and \$332,823 owed to the City of Baker and East Baton Rouge Parish Sheriff's Office, respectively, in connection with PSAP support for the second half of 2025.
- For 2025, the District's intergovernmental expenditures consisted of:
 - \$2,850,000 paid to the City-Parish EMS department, primarily for personnel services in conjunction with the IGA referenced above,
 - \$332,823 to both the City of Baker and East Baton Rouge Parish Sheriff's Office in connection with PSAP support.

NOTE 12 - COMMUNICATIONS DISTRICT WIRELESS E911 SERVICE

Act 1029 of the 1999 Louisiana Legislative Session authorizes the parish governing authority of a communication district to levy an emergency telephone service charge on wireless communications systems to pay the costs of implementing FCC ordered enhancements to the E911 system. The act further requires that governing authorities disclose in the audited financial statements information on the revenues derived from the service charge, the use of such revenues, and the status of implementation of wireless E911 service. The East Baton Rouge Parish Communications District Board of Commissioners enacted Resolution No. 001/2000 on March 17, 2000, assessing an emergency telephone service charge of \$0.50 per month per wireless Commercial Mobile Radio Service (CMRS) user. In 2006, the fee was increased to \$0.85 per month by the Communications District Board. In 2023, the fee was increased to \$1.25 per month by the Communications District Board. In 2010, Act 531 of the 2009 Louisiana Legislative Session authorized the addition of a 4% service charge to prepaid wireless telecommunication services which is distributed among the communication districts in the state by the Louisiana Department of Revenue after collection of administrative costs. In 2025, \$5.6 million and \$575,000 was collected for wireless and prepaid wireless fees, respectively, making up approximately 74% of the District's total revenues. These fees are used to cover wireless 911 maintenance, technological upgrades, and other operating expenses. The wireless 911 system is fully implemented and operational.

NOTE 13 – UPCOMING ACCOUNTING PRONOUNCEMENTS

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*. GASB 103 is effective for fiscal years beginning after June 15, 2025, and will revise certain financial reporting requirements, including management's discussion and analysis, the presentation of proprietary fund financial statements, budgetary comparisons, and reporting unusual or infrequent items. The District has not yet determined the effect, if any, that the adoption of this statement will have on its financial statements.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*. GASB 104 is effective for fiscal years beginning after June 15, 2025 and enhances existing capital asset disclosure requirements. The statement clarifies disclosure requirements for lease assets, intangible right-to-us assets, subscription assets, other intangible assets, and capital assets held for sale. The District has not yet determined the effect, if any, that the adoption of this statement will have on its financial statements.

EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

For the year ended December 31, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
REVENUES				
Charges for services:	\$ 8,150,000	\$ 7,900,000	\$ 7,947,539	\$ 47,539
Interest earnings	<u>200,000</u>	<u>350,000</u>	<u>388,134</u>	<u>38,134</u>
Total revenues	<u>8,350,000</u>	<u>8,250,000</u>	<u>8,335,673</u>	<u>85,673</u>
EXPENDITURES				
Current function:				
Public safety:				
Intergovernmental agreements for services	3,520,000	3,520,000	3,515,646	4,354
Communication equipment maintenance	2,574,500	2,384,500	1,448,790	935,710
Salaries and benefits	1,040,945	980,260	962,490	17,770
Professional and contractual services	494,000	573,000	260,805	312,195
Insurance	75,000	75,000	71,300	3,700
Office occupancy and supplies	299,000	295,000	55,948	239,052
Travel and training	50,000	50,000	38,555	11,445
Capital outlay	-	-	315,788	(315,788)
Debt service:				
Principal	43,000	43,000	590,482	(547,482)
Interest	<u>89,000</u>	<u>100,000</u>	<u>128,893</u>	<u>(28,893)</u>
Total expenditures	<u>8,185,445</u>	<u>8,020,760</u>	<u>7,388,697</u>	<u>632,063</u>
Excess (deficiency) of revenues over expenditures	164,555	229,240	946,976	717,736
FUND BALANCE				
Beginning of year	<u>8,951,345</u>	<u>9,862,829</u>	<u>10,388,111</u>	<u>525,282</u>
End of year	<u>\$ 9,115,900</u>	<u>\$ 10,092,069</u>	<u>\$ 11,335,087</u>	<u>\$ 1,243,018</u>

EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT

CAPITAL PROJECT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

For the year ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance positive (negative)
EXPENDITURES				
Capital outlay	\$ 1,935,000	\$ 2,453,306	\$ 1,790,514	\$ 662,792
Excess (deficiency) of revenues over expenditures	(1,935,000)	(2,453,306)	(1,790,514)	662,792
FUND BALANCE				
Beginning of year	2,239,130	2,586,715	2,586,715	-
End of year	\$ 304,130	\$ 133,409	\$ 796,201	\$ 662,792

EAST BATON ROUGE PARISH COMMUNICATIONS DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2025

NOTE 1 - BUDGETS

Budget Policy and Budgetary Accounting

A proposed budget is prepared and submitted by the Director of the District prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the commencement of the budget year.

The annual operating budget, prepared on the modified accrual basis, covers the General Fund and Capital Project Fund. At the end of the fiscal year unexpended appropriations automatically lapse, except for those carried forward to the subsequent year through a budget amendment. Budget amendments are approved by the governing board and are included in the financial statements.

In connection with budget preparation, a portion of the unreserved fund balance of an individual fund may be designated for expenditures of the subsequent year. Such designation represents the extent to which the fund balance is used to balance the subsequent year's operating budget of that fund as reflected in the legally adopted budget.

Basis of Accounting

The District's budget is prepared on the modified accrual basis of accounting as described in Note 1 to the District's financial statements for the year ended December 31, 2025.

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Jim Verlander, Director
and the Board of Commissioners
East Baton Rouge Parish Communications District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the East Baton Rouge Parish Communications District, (the District), a component unit of the City-Parish of East Baton Rouge, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 26, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 26, 2026

East Baton Rouge Parish Communications District
East Baton Rouge, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2025

Part I. Current Year Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Internal Control Findings –

There are no findings to be reported under this section.

B. Compliance Findings –

There are no findings to be reported under this section.

Part II. Prior Year Findings which were required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Internal Control Findings –

There were no findings reported under this section.

B. Compliance Findings –

There were no findings reported under this section.

EAST BATON ROUGE COMMUNICATIONS DISTRICT

Baton Rouge, Louisiana
Statewide Agreed-Upon Procedures

Fiscal period January 1, 2025 through December 31, 2025

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Jim Verlander, Director
and the Board of Commissioners
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. East Baton Rouge Communication District (the District) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1.) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - iii. **Disbursements**, including processing, reviewing, and approving.
 - iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employees(s) rate of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2.) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum on all special revenue funds. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3.) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - ii. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared. (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

4.) Collections (excluding EFTs)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies and procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - i. Employees that are responsible for cash collections do not share cash drawers/registers.
 - ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

5.) Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - ii. At least two employees are involved in processing and approving payments to vendors.
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]]

- C. For each location selected under #8 above, obtain the entity’s non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management’s representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

- ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

6.) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation and:
 - i. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported]
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #13 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.
- D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

7.) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8.) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - i. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - ii. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - iii. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

9.) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - ii. Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - iv. Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

10.) Ethics

- A. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.
 - ii. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11.) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12.) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the Parish in which the entity is domiciled.
- B. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

13.) Information Technology Disaster Recovery/Business Continuity

Perform the following procedures, verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”

- A. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
- B. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- C. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency’s information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
 - Hired before June 9, 2020 - completed the training; and
 - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

14.) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from procedure #17 under ‘Payroll and Personnel’ above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
- C. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Findings:

Written Policies and Procedures

Written policies and procedures did not address the topics of the budgeting process, the disbursement of cash, the receipt of cash, contracting, and debt service.

Written policies and procedures regarding purchasing did not address how vendors are added to the District's vendor list.

Written policies and procedures regarding payroll did not address how payroll is processed, the approval process for employee pay rates, or the approval and maintenance of pay schedules.

Written policies and procedures regarding travel and expense reimbursement did not address the dollar thresholds by category of expense for reimbursement.

Written policies and procedures regarding ethics did not address a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes in the entity's ethics policy.

Written policies and procedures regarding sexual harassment prevention did not address the preparation of the District's annual report on sexual harassment.

Board or Finance Committee

No exceptions noted as a result of procedures performed.

Bank Reconciliations

No exceptions noted as a result of procedures performed.

Collections (excluding electronic funds transfers)

The District does not have a bond or insurance policy for theft that covers all employees who have access to cash.

Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

No exceptions noted as a result of procedures performed.

Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

No exceptions noted as a result of procedures performed.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

No exceptions noted as a result of procedures performed.

Contracts

No exceptions noted as a result of procedures performed.

Payroll and Personal

No exceptions noted as a result of procedures performed.

Ethics

No exceptions noted as a result of procedures performed.

Debt Service

No exceptions noted as a result of procedures performed.

Fraud Notice

No exceptions noted as a result of procedures performed.

Information Technology Disaster Recovery/Business Continuity

We performed the procedure and discussed the results with management.

Prevention of Sexual Harassment

The District does not have its sexual harassment policy posted on its website.

Management's Response:

Management of the District concurs with the exceptions and is working to address the deficiencies identified.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
June 26, 2026